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July 27, 2011

**VIA ELECTRONIC MAIL**

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Arizona Attorney General's Office  
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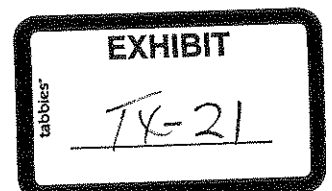
Jay W. Hurst  
Assistant Attorney General  
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Re: *In re Quebecor World (USA) Inc.*; Case No. 08-10152 (JMP)

Dear April and Jay:

Recently, Texas issued subpoenas *duces tecum* to Grant Thornton LLP ("Grant Thornton") and Ernst & Young LLP ("E&Y"), and Arizona issued a subpoena *duces tecum* to KPMG LLP ("KPMG"). We write to address certain concerns that the Debtors have with respect to these subpoenas, which also implicate the Stipulated Protective Order and Scheduling Order that the parties are in the process of finalizing.

As you know, the Debtors engaged Grant Thornton and E&Y several years ago specifically to assist the Debtors in analyzing exposures arising from sales and use taxes potentially owed to various state and local taxing authorities, and to formulate positions in anticipation of litigating or otherwise resolving such exposures (generally, the "Tax Mitigation Project"). In addition, KPMG was the Debtors' outside auditor throughout this period, and also received documentation in connection with the Tax Mitigation Project.



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The subpoenas issued to the accountants seek from these firms, *inter alia*, all documents concerning the Debtors' exposure to sales tax liability, including the accounting firms' methods, analyses and reports to the Debtors concerning the Debtors' exposure to sales tax liability. Moreover, Texas has also indicated that it may seek to take testimony from various former employees of the Debtors who participated in the Tax Mitigation Project -- including Duyen Tran, Steven Bosse and Louise Desjardins.

The Debtors object to the production of any documents to Texas or Arizona, or the taking of any testimony by Texas or Arizona, concerning any work product prepared in connection with the Tax Mitigation Project, except documents that have previously been voluntarily disclosed to such party by the Debtors. First, documents and information relating to the Tax Mitigation Project were clearly created in anticipation of litigation, constitute work product and, therefore, are protected from discovery. Second, even if they were discoverable, such documents and information are not relevant to the claims in this proceeding because they do not implicate the Debtors' actual sales tax exposure, if any. Instead, they reflect analysis conducted by, or for, the Debtors concerning ranges of tax liability exposures based on hypothetical scenarios, possible litigation and/or settlement position. Third, as is apparent from the discovery plan in this proceeding, there is no need for Texas and Arizona to burden the Debtors' right to protection from discovery of these materials, since the documentation that is being provided by the Debtors and their customers is more than sufficient for a determination as to the issue of nexus and/or an amount of liability, if any.

To be clear, the Debtors do not object to discovery of underlying factual data that might have been reviewed by the Debtors' employees or consultants in preparing work product in connection with the Tax Mitigation Project. Indeed, such underlying factual materials would likely fall within the scope of your pending requests for production, and to the extent such materials are within the appropriate time period, they will be produced.

We are anxious to resolve this issue in a timely fashion and without the assistance of the Court, and we are hopeful that doing so will allow the parties to move forward with executing the draft Stipulated Protective Order and draft Scheduling Order that the Debtors have proposed.

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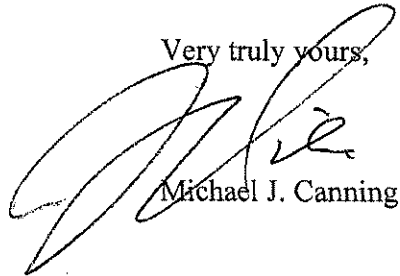
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Toward that end, we would propose to discuss this issue in a telephonic meet-and-confer conference, and look forward to hearing from you regarding a convenient time for such a call.

Very truly yours,



Michael J. Canning